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C O N F I D E N T I A L SECTION 01 OF 02 KINSHASA 000316

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TAGS: [ECON](#) [ENRG](#) [EPET](#) [MARR](#) [PGOV](#) [CG](#)

SUBJECT: IMPROVING LAKE ALBERT SECURITY AND INVESTMENT

REF: A. KINSHASA 63

[1](#)B. KAMPALA 393

Classified By: CCORKEY for Reasons 1.4 b/d/e.

[1](#)1. (SBU) Summary. Tullow Oil continues to face difficulties with the GDRC with regard to Blocks I and II in the Albertine Basin, but has not expressed specific concern about security on the DRC side of the border. Other commercial interests, including U.S.-based Terralliance, are also working to acquire and exploit concessions in the Lake Albert region. The Joint Border Committee of the Joint Permanent Commission has been working on final Lake Albert border demarcation (Ref A), and new support for a joint DRC-Uganda patrol mechanism would improve the security situation and protect the integrity of the border.

TULLOW OIL IN THE DRC

[1](#)2. (SBU) Tullow Oil signed contracts for Blocks I and II in the Orientale province on Lake Albert with the GDRC in July [1](#)2006. The decrees were subsequently held up in President Kabila's office after opposition leader Jean-Pierre Bemba accused the President of selling too much of the country's resources. Tullow said Kabila promised the decree in July 2007, but the Minister of Hydrocarbons for the new government, Lambert Mende, held up the decrees after the shooting of a British contractor on Lake Albert. Mende announced on February 7 that Tullow Oil had voluntarily relinquished its stake in Block I, a charge Tullow immediately denied. Mende also said Tullow was in danger of losing their other concession, Block II, if the company did not renegotiate the production-sharing agreement.

[1](#)3. (C) Tim O'Hanlon, Vice President of African Business for Tullow Oil, met with Ambassador Garvelink on March 6. O'Hanlon accused Mende of inciting some of the cross-border violence in order to confiscate Block I. O'Hanlon said Tullow is prepared to pay a higher bonus and adjust the sharing agreement to give 10 to 15 percent to the GDRC, but not the 40 or 50 percent that Mende asked for. O'Hanlon also mentioned Tullow's willingness to spend USD 5 million on social programs, but he did not say anything about Mende's mention of a USD 5 million bribe offer from a competitor (Ref B). O'Hanlon said Tullow has invested USD 250 million to date on the DRC side of Lake Albert, compared to USD 400 million on the Ugandan side. Tullow sent a letter to President Kabila and Prime Minister Gizenga on March 12 to accuse Mende of illegally seizing Block I and to explain the irregularities of the reported bribe offer.

OTHER COMMERCIAL ACTORS

14. (SBU) Tullow is partnered with Canada-based Heritage Oil on both the Uganda and DRC side of Lake Albert. The GDRC also nominally awarded Block I to South Africa-based Divine Inspiration and to PetroSA, South Africa's parastatal oil company, immediately following Mende's February 7 announcement. Finally, Terralliance, a U.S.-based firm, is seeking the Block IV concession. The Terralliance CEO met with officials from the GDRC Ministry of Hydrocarbons in Kinshasa in December 2007, but has not yet received the Presidential decree necessary to begin operations.

SECURITY ON DRC SIDE OF LAKE ALBERT

15. (SBU) Comment. Tullow's Tim O'Hanlon was more concerned with the company's status with the GDRC, and did not raise any security concerns during his meeting with the Ambassador, nor did Terralliance representatives express any concern. The DAO-Kinshasa supports the plan for an assessment to evaluate a possible lake security force (Ref B), and suggests training the DRC and Uganda forces jointly if they are to establish joint patrols. The DAO cites lack of funds in the DAO-Kinshasa budget as a potential problem, and suggests seeking AFRICOM support for military-to-military engagement. Post cannot comment on possible FARDC cooperation at this time. End Comment.

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